



## Company Report: Vinhomes Jsc (VHM VN)

Equity research team

(+84)24 3573 0073

research@gtjas.com.vn

15 Feb 2022

### Positive signal

Rating:

**Neutral**

Maintained

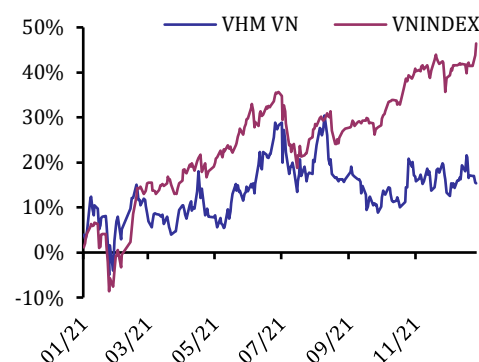
6-18m TP:

**VND81,800**

Share price:

VND79,000

#### Stock performance



Change in Share Price	1 M	3 M	1 Y
Abs. %	-4.8%	-13.7%	32.9%
Rel. % to VNI index	-5.8%	-7.3%	-22.8%
Avg. share price (VND)	79,550	81,229	81,191

Source: Bloomberg, Guotai Junan Vietnam

#### Investment thesis

- Vinhomes has largest land bank in Vietnam, which are in strategic locations. Vinhomes is the highest trusted housing brand and has widest profit margin among other developers. Strong financial condition with strong brand name allows VHM to raise capital in both Vietnam and overseas;
- In Q4 2021, VHM's revenue was 23.6trillion VND (+6% y-o-y) while gross profit was 14 trillion VND (+89% y-o-y). NPAT was 11.9 trillion VND (+8% y-o-y).
- Vinhomes Co Loa, Dream city and Dan Phuong will be the next project to be launched this year.

#### Risk

- Cyclicality and credit tightening are burden on growth.
- Impact of Covid-19 may prolong and hit general demand and income.

#### Recommendation:

Using the RNAV method, we value VHM at **81,800 VND/share** and we recommend **Neutral** recommendation for VHM stock.

Year End	Revenue	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
12/31	(VND Bil)	(VND Bil)	(VND)	(Δ%)	(x)	(VND)	(x)	(VND)	(%)	(%)
2017A	15,297	1565	7,048	-14.5%	16.6	34,521	3.4	4,500	64%	15.5
2018A	38,664	14776	4,265	-39.5%	21.6	12,889	7.14	1,000	23%	30.7
2019A	51,627	24,319	7,782	82.5%	4.2	16,599	4.8	0	0%	37.6
2020A	71,547	28,207	9,787	25.8%	8.5	25,719	3.8	0	0%	31.6
2021A	85,094	39,231	8,960	-8.5%	8.7	30,245	2.6	1,500	17%	29.8

Shares in issue (m)	4,354.3	Major shareholder	Vingroup	66.66%
Market cap. (VNĐ m)	340,076,000	Free float (%)		30.0
3 month average vol. ('000)	7,357.48	FY21 Net gearing		0.75
52 Weeks high/low (VNĐ)	92,450 / 71,365			

Source : the Company, Guotai Junan Vietnam.

In Q4 2021, VHM's revenue was 23.6trillion VND (+6% y-o-y) while gross profit was 14 trillion VND (+89% y-o-y). NPAT was 11.9 trillion VND (+8% y-o-y). In Q4 2021, VHM delivered more than 13,000 units mostly from 3 mega projects. Total converted revenue and NPAT (including BCC projects) reached 73.4 trillion VND and 39 trillion VND for full year 2021. Vinhomes Ocean Park contributed of 28.5 trillion VND, Vinhomes Smart City contributed 20.3, Vinhomes Grand Park contributed 22.3 trillion VND, and 3.4 trillion VND from BCC projects. the gross profit margin raise significantly to 59% in Q4 due to the high proportion of bulk sale and delivery of low rise units.

**Table-1: VHM sale update**

	Q4 2021	Q4 2020	Q4 2021 vs Q3 2021	Q4 2021 vs Q4 2020
<b>Presale (unit)</b>	17,400	2,700	195%	544%
<b>Presale (value) (tril VND)</b>	37.9	16.5	185%	130%
<b>Unbilled booking (tril VND)</b>	52.4	42.7	23%	23%
<b>Revenue from property sale (tril VND)</b>	25.4	34.5	31%	-26%

Source: the Company, Guotai Junan (Vietnam)

Q4/2021 presale has significantly improved compared to previous quarter Q3/2021, achieved 195% Q-o-Q growth. The unbilled booking surge due to strong sale in Q4 (+23%). Launched units and sold units in Hanoi market were improved compared to last year figure (-7% YoY and -9% YoY) and to Q3/2021 (+53% QoQ and +100% QoQ).

In HCMC, the improvement in the market was robust. There are about 6,900 units were launched in Q4, down -3% YoY, +330% QoQ. Sold unit was 5,700 units, +12% YoY and +259% QoQ.

**Table-2: VHM 's project update**

	Vinhomes Smart city	Vinhomes Ocean park	Vinhomes Grand park
<b>Location</b>	Nam Tu Liem, Hanoi	Trau Quy, Gia Lam, Hanoi	District 9, HCMC
<b>Area</b>	281 ha	420 ha	271 ha
<b>Total NSA</b>	2,601,000	3,500,000	3,241,000
<b>Utilities</b>	Vinmec, Vinschool, Vincom Megamall, 2000 sport courts	Vinmec, Vinschool, Vinuni, Vincom Megamall, 6.1 ha lake, 117 ha water area	36 ha green park, Vinmec, Vinschool, Vincom Megamall
<b>Timeline</b>	2018-2022	2018-2022	2019-2022
<b>Products</b>	46,300	49,300	47,200
<b>Sold (%)</b>	87%	89%	94%
<b>Delivered</b>	37,000	42,000	39,000
<b>Construction progress</b>	56%	77%	61%
<b>Sold in Q4 2021</b>	5,709	5,509	2,000

Source: the Company, Guotai Junan (Vietnam)

**Table-3: VHM 's 3 projects sale (unit)**

	Vinhomes smart city	Vinhomes Ocean park	Vinhomes Grand park
<b>2018</b>	<b>2,776</b>	<b>8,911</b>	<b>-</b>
<b>2019</b>	<b>15,225</b>	<b>14,490</b>	<b>28,100</b>
<b>2020</b>	<b>7,591</b>	<b>7,591</b>	<b>12,518</b>
Q1	4,100	300	100
Q2	1,100	5,800	10,000
Q3	1,500	600	500
Q4	891	891	1,918
<b>2021</b>	<b>14,409</b>	<b>13,009</b>	<b>2,000</b>
Q1	1,000	500	-
Q2	7,300	6,500	-
Q3	400	500	-
Q4	5,709	5,509	2,000

Source: the Company, Guotai Junan estimated (Vietnam)

## Projects development planning

VHM is going to launch 2 new projects: Vinhomes Wonder Park in Dan Phuong, Hanoi and Vinhomes Dream City in Hung Yen. The detail of projects is following:

**Table-4: VHM 's new projects to be launched**

	Vinhomes Dream city	Vinhomes Wonder Park	Vinhomes Co Loa
<b>Location</b>	Hung Yen, near Ocean Park	Dan Phuong, Hanoi	Dong Anh, Ha noi
<b>Area</b>	460 ha	133 ha	385 ha
<b>Total NSA</b>	2,950,000sqm	364,000 sqm	1,724,000 sqm
<b>Timeline</b>	2022-2025	2022-2025	2022-2025
<b>Products</b>	Apartments / Villas / Shophouses / Schools / Hospitals / Shopping Mall (44,000 units)	Apartments/Villas/Townhouse s/Schools/Shopping Mall/ Eco-parks/Swimming Complex	Apartments/Villas/Townhouses/School s/Shopping Mall/

Source: the Company, Guotai Junan (Vietnam)

Besides, Vinhomes Long Beach Can Gio has been approved the Investment proposal, waiting for 1/500 master plan. This project owns about 2,800 ha, near HCMC. The Vinhomes Long Beach Can Gio and Ha Long, Quang Ninh, Vinhomes Galaxy project will be ready to developed in next 18-24 months.

### Recommendation

Government decided to lift the restriction and change “zero Covid” to “living with Covid”. We think this would be relief for real estate market. However, the market need time to recover, and we are still watching the progress. We think that the fiscal stimulus and pushing public investment will be the catalyst for real estate market. Projects such as Wonder Park, Dream city, and Co Loa will be launched in 2022.

We remain the value of VHM at **81,800 VND/share** using RNAV method. We recommend **Neutral** for VHM stock.

**FINANCIAL STATEMENT AND RATIO**

Income Statement					
Year end Dec (VND bil)	2017A	2018A	2019A	2020A	2021A
Revenue	15,297	38,664	51,627	71,547	85,094
yoy(%)	36.4%	152.8%	33.5%	38.6%	18.9%
Cost of services	(10131)	(28603)	(24171)	(45611)	(36686)
Gross profit	5,167	10,061	27,456	25,936	48,408
yoy(%)	16.0%	94.7%	172.9%	-5.5%	86.6%
SGA expenses	(2038)	(2444)	(4237)	(4874)	(5543)
Other (losses) / gains, net	(243)	(7)	30	(789)	0
Financial income	876	14565	9046	20263	7984
Finance costs	(1652)	(2457)	(2549)	(4019)	(2738)
Share of profits of associates and JCEs	(88)	0	0	19	0
Profit before income tax	2109	19719	29746	36517	48469
yoy(%)	-24.55%	835.08%	50.85%	22.76%	32.7%
Income tax expense	(543)	(4942)	(5427)	(8310)	(9237)
Profit after tax	1565	14776	24319	28207	39231
yoy(%)	-29.1%	843.9%	64.6%	16.0%	39.1%
Minority interest	(156)	(492)	(2572)	(855)	(215)
Net profit	1410	14284	21747	27351	39017
yoy(%)	-14.5%	913.3%	52.2%	25.8%	42.7%
EPS(VND)	7,048	4,265	7,782	9,787	8,960
yoy(%)	-14.5%	-39.5%	82.5%	25.8%	-8.5%

Cash Flow Statement					
Year end Dec (VND bil)	2017A	2018A	2019A	2020A	2021A
Profit before income tax	2109	19719	29746	36517	48469
Adjustments change in WC	1783	(11864)	(6584)	(15730)	(2004)
Cash from operations	(1096)	(9318)	28767	4095	(33186)
Capital expenditure	2796	(1463)	51928	24882	13278
Cash from investing	(2405)	(751)	(3847)	(3500)	(15399)
Common stock (purchase) or sale	(9459)	(17842)	(27320)	(22420)	(18463)
Other	28	12241	0	62	6515
Cash from financing	5394	9018	(14792)	(2143)	(10220)
Cash & cash equivalents at 1st January	5422	21259	(14792)	(2081)	(3705)
Net change in cash	2802	1562	3515	13332	13714
Cash & cash equivalents at 31st December	(1241)	1954	9817	381	(8890)
	1562	3515	13332	13714	4824

Source: the Company, Guotai Junan (Vietnam).

Balance Sheet					
Year end Dec (VND bil)	2017A	2018A	2019A	2020A	2021A
Current assets	44421	91203	139555	102312	91,217
Cash & equivalents	1562	3515	13332	13714	4,824
Short term investment	0	1009	361	2054	4,781
Receivable	24775	43356	47468	34592	37,929
Inventory	17006	36858	60297	42984	28,543
Non-current assets	6883	28486	57686	113014	139,201
Property plant & equipment	1297	100	625	5683	6,706
Intangible assets	59	28	66	223	750
Work in progress	2462	18363	28213	32361	44,697
Prepayment and other receivables	1059	3474	13268	45206	47,759
Investment in an associated co.	9	0	0	5838	3,569
Other investment	1746	478	773	4154	7,383
Total assets	51304	119689	197241	215326	230,418
Current liabilities	34223	42872	121557	103385	75,082
Account payable	925	2504	6078	11401	12,615
Short-term borrowing	8700	6403	18162	10998	251
Non-current liabilities	6957	28672	10969	22811	23,413
Long-term borrowings	6628	25506	8343	13958	19,668
Total liabilities	41180	71544	132526	126196	98,495
Minority interest	3220	4912	8619	3429	3316
Share capital	2000	33495	33495	33495	43544
Other reserves and retained earnings	4,904	9,738	22,601	52,205	84,839
Total equity	10124	48145	64715	89130	131,699
yoy (%)	6.0%	375.6%	34.4%	37.7%	46.8%

Financial Ratio					
	2017A	2018A	2019A	2020A	2021A
Gross margin (%)	34	26	53	36	57
Operating margin (%)	14	51	58	51	57
Net margin (%)	9.2	36.9	42.1	38.2	45.9
ROA (%)	2.7	11.9	11.0	12.7	16.9
ROE (%)	15.5	30.7	37.6	31.6	29.8
Net gearing ratio (%)	151.4	66.3	41.0	28.0	15.1
Current ratio(x)	1.3	2.1	1.1	1.0	1.2

### COMPANY RATING DEFINITION

Benchmark: **VN – Index.**

Time Horizon: **6 to 18 months**

Rating	Definition
<b>Buy</b>	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
<b>Accumulate</b>	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
<b>Reduce</b>	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
<b>Sell</b>	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

### SECTOR RATING DEFINITION

Benchmark: **VN – Index**

Time Horizon: **6 to 18 months**

Rating	Definition
<b>Outperform</b>	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
<b>Underperform</b>	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

### DISCLAIMER

The views expressed in this report accurately reflect personal views on securities codes or the issuer of the analyst(s) in charge of the preparation of the report. Investors should consider this report as reference and should not consider this report as securities investment consulting content for making decisions on investments and Investors shall be responsible for the investments decisions. Guotai Junan Securities (Vietnam) Corp. may not be responsible for the whole or any damages, or an event(s) considered as damage(s) incurred from or in relation to the act of using all or part of the information or opinions stated in this report.

The analyst(s) responsible for the preparation of this report receive(s) remuneration based upon various factors, including the quality and accuracy of the research, clients' feedbacks, competitive factors and the revenue of the company. Guotai Junan Securities (Vietnam) Corp. and/or its members and/or its General Director and/or its staffs may have positions in any securities mentioned in this report (or in any related investments).

The analyst(s) responsible for the preparation of this report endeavours to prepare the report based on information believed to be reliable at the time of publication. Guotai Junan Securities (Vietnam) Corp. makes no representations, warranties and covenants on the completeness and accuracy of the information. Opinions and estimates expressed in this report represent views of the analyst responsible for the preparation of the report at the date of publication only and shall not be considered as Guotai Junan Securities (Vietnam) Corp.'s views and may be subject to change without notice.

This report is provided, for information providing purposes only, to Investor including institutional investors and individual clients of Guotai Junan Securities (Vietnam) Corp. in Vietnam and overseas in accordance with laws and regulations explicit and related in the country where this report is distributed, and may not constitute an offer or any specified recommendations to buy, sell or holding securities in any jurisdiction. Opinions and recommendations expressed in this report are made without taking differences regarding goals, needs, strategies and specified situations of each and every Investor(s) into consideration. Investors acknowledge that there may be conflicts of interests affecting the objectiveness of this report.

The content of this report, including but not limited to this recommendation shall not be the basis for Investors or any third party to refer to with the aim to requiring Guotai Junan Securities (Vietnam) Corp. and/or the analyst responsible for the preparation of this report to perform any obligations towards Investors or the third party in relation to the investment decisions of Investors and/or the content of this report.

This report may not be copied, reproduced, published or redistributed by any person(s) for any purposes unless upon a written acceptance by a competent representative of Guotai Junan Securities (Vietnam) Corp. Please cite sources when quoting.

**GUOTAI JUNAN VIETNAM RESEARCH & INVESTMENT STRATEGY**

Member	Position	In charge of	Email	Ext.
<b>Võ Thế Vinh</b>	Manager	Research & Investment strategy	<a href="mailto:vinhvt@gtjas.com.vn">vinhvt@gtjas.com.vn</a>	701
<b>Đỗ Trung Nguyên</b>	Deputy manager	Investment strategy	<a href="mailto:nguyendt@gtjas.com.vn">nguyendt@gtjas.com.vn</a>	702
<b>Trần Thị Hồng Nhung</b>	Equity Analyst	Banking sector	<a href="mailto:nhungtth@gtjas.com.vn">nhungtth@gtjas.com.vn</a>	703
<b>Đình Quang Đạt</b>	Senior Equity Analyst	Consumer sector	<a href="mailto:datdq@gtjas.com.vn">datdq@gtjas.com.vn</a>	
<b>Phí Công Linh</b>	Senior Equity Analyst	Real estate sector	<a href="mailto:linhpc@gtjas.com.vn">linhpc@gtjas.com.vn</a>	704



CONTACT	Hanoi Head Office	HCMC Branch
Advising: (024) 35.730.073	R9-10, 1 <sup>st</sup> Floor, Charmvit Tower, 117 Trần Duy Hưng, Hà Nội	4 <sup>th</sup> Floor, No. 2 BIS, Công Trường Quốc Tế, P. 6, Q.3, Tp.HCM
Stock ordering: (024) 35.779.999	Tel: (024) 35.730.073	Tel: (028) 38.239.966
Email: <a href="mailto:ivs@gtjas.com.vn">ivs@gtjas.com.vn</a> Website: <a href="http://www.gtjai.com.vn">www.gtjai.com.vn</a>	Fax: (024) 35.730.088	Fax: (028) 38.239.696